



FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FEDERAL INSURANCE MITIGATION ADMINISTRATION (FIMA) APPEAL DECISION

FEMA Flood Insurance Appeal Decision #C1
December 18, 2022

OVERVIEW

The policyholders filed an appeal in April 2020, alleging their flood insurance carrier (hereinafter “insurer”) improperly denied part of their claim under the Standard Flood Insurance Policy (SFIP)¹ for damages to covered property arising from a claimed loss event in July 2019.²

In its review, FEMA found the following facts relevant:

- At the time of loss, the policyholders had \$250,000 in building coverage and \$100,000 in personal property coverage.
- The policyholders filed a claim with the insurer and the insurer assigned an adjuster to the claim.
- The adjuster inspected the property on July 2019, and confirmed a general and temporary condition of flood existed at the property. The adjuster noted a maximum exterior flood water line at 12 inches and a two-inch flood water line on the interior.
- The adjuster observed a portion of the lower level flooded. The adjuster prepared an estimate that included allowances for mitigation, carpet, pad, trim, and a small section drywall repair.
- On January 2020, the policyholder provided a remediation bill to the adjuster. The bill contained no drying log, carpet estimate, baseboard estimate, or drywall and trim estimate. The policyholder later submitted a drying log along with an invoice for replacing the carpet with wood throughout the lower floor, an additional carpet proposal, window framing invoice, and pictures.
- The insurer reviewed the adjuster’s estimate and the policyholders’ submission. After review, the insurer paid the policyholders \$10,306 for covered building damage.
- In a letter dated February 2020, the insurer denied coverage for window damage, painting ceilings and walls in areas not flooded, repainting all baseboards, and some mitigation charges. The insurer’s letter noted that these items were not directly physically damaged by or from this flood event. The insurer’s letter also denied coverage for carpet and room drying due to no direct physical loss by or from flood.

¹ See 44 C.F.R. § 61.13 (2018); Dwelling Form available at 44 C.F.R. pt. 61 App. A(1) [hereinafter “SFIP”].

² The policyholders file this appeal under 44 C.F.R. § 62.20. The appeals process is available after the insurer issues a written denial, in whole or in part, of the policyholders’ claim. The policyholders’ appeal and related documents concerning the appeal, claim, or policy are on file with FEMA, Federal Insurance and Mitigation Administration, Federal Insurance Directorate, Policyholder Services Division, Appeals Branch [hereinafter “Appeal File”].

- In an email dated April 2020, the policyholders appealed the denial and seek \$7,981.55 additional payment for painting the baseboards, the entire mitigation invoice, carpet costs, and damages to the bathroom.

RULES

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders complied with all terms and conditions of the SFIP.³

The SFIP does not cover direct physical loss caused directly or indirectly by water, moisture, mold, or mildew that results primarily from any condition substantially confined to the dwelling or that is within the policyholders' control, including, but not limited to design, structural or mechanical defects; or failure to inspect and maintain the property after a flood recedes.⁴

ANALYSIS

On appeal, the policyholders dispute the denial of coverage for their windows, painting of the ceilings, painting of walls, and mitigation charges.

The insurer agrees to pay the policyholders for direct physical loss by or from flood to covered property, provided the policyholders complied with all terms and conditions of the SFIP. FEMA's review notes that the insurer paid for the removal, replacement, and painting of the baseboards directly damaged by the flood waters. The estimates provided by the policyholders included the painting of all baseboards in the lower level, including baseboards and window trim that were not directly damaged by the flood. Because the SFIP requires direct physical loss by or from flood, FEMA's review finds that the insurer properly denied coverage for these items.

Additionally, the estimate submitted by the policyholders included the entire lower level carpet and padding, including carpet and padding not directly damaged by the flood. FEMA's review of the claim file notes that not all padding under the carpet was damaged and required replacement. FEMA's review finds that the SFIP only provides coverage for the carpet and padding directly damaged by the flood event.

FEMA's review of the claim file notes that flood water did not reach the exercise room, bedroom, or closet. Therefore, FEMA finds that the insurer properly denied coverage for carpet and padding replacement, corresponding mitigation, and repainting of the baseboards for the gym, bedroom, and the closets. Because these items did not experience direct physical loss by or from the flood, their replacement is not covered by the SFIP.

The insurer denied a portion of the mitigation invoice for the claim. During the inspection, the adjuster noted that the wet carpet was being dried. The insurer paid the policyholders to replace carpet within the family room, media room, hallway, and the carpet in the kitchenette. The SFIP does not allow for the drying of items damaged by or from the flood when the insurer paid the policyholders to have the

³ See SFIP (I), (II)(B)(12).

⁴ See SFIP (V)(D)(3).

damaged items removed and replaced.⁵ FEMA's review finds that because the policyholders were paid for carpet replacement, the drying out of carpets during mitigation is duplicative and is not covered by the policy.

The SFIP excludes water, moisture, mold, or mildew confined to your structure within the policyholders' control, including but not limited to design, structural, or mechanical defects. Here, the adjuster noted a maximum of two inches of flood water within the interior that was limited to the family room and the kitchenette area. FEMA's review finds that the damage from moisture or mold to the wall and ceiling in the bathroom and the closet are not covered by the SFIP. These damages are from moisture and are not a direct result damage by or from flood.

FEMA's review finds that the insurer properly denied coverage for painting of all baseboards, the full cost of the mitigation invoice, and the cost of carpet, closet, and bathroom repairs.

CONCLUSION

Based on the facts and analysis above, FEMA concurs with the insurer's decision to deny additional payment.

⁵ See FEMA Bulletin w-13025a (May 14, 2013).